

Message Text

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ACTION PM-03

INFO OCT-01 ARA-06 ISO-00 SS-15 SP-02 L-02 CIAE-00 INR-07

NSAE-00 TRSE-00 MC-02 AID-05 EB-07 OMB-01 IGA-01 /052 W

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P 242230Z FEB 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC PRIORITY 5960

SECDEF

USCINCSO

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SECDEF FOR DSAA/ISA(SA) AND OP 63 CNO

USCINCSO FOR COMUSNAVSO

E.O. 11652: N/A

TAGS: MASS, GT, US

SUBJECT: GUATEMALAN PURCHASE OF COASTAL PATROL BOATS

REF: (A) GUATEMALA 0734, (B) COMUSMILGP MESSAGE TO CNO, DTG
211900Z FEB 75

1. MINDEF RUBIO CALLED AMBASSADOR LATE FEBRUARY 21 TO ASK
HIS URGENT ASSISTANCE IN OBTAINING FMSCR FOR PURCHASE
FIVE PATROL BOATS MENTIONED PARA 5 REFTTEL A. MINISTER
STRESSED IMMEDIATE NEED FOR BOATS AND FACT GOG HAS NO
FUNDS OF ITS OWN IN CY 1975 BUDGET FOR PURCHASE.

2. SUBSEQUENT DISCUSSIONS BETWEEN USMILGP AND DEFENSE
MINISTRY OFFICIALS REVEALED THAT MINISTRY HAD SIGNED
CONTRACT ON FEBRUARY 4 WITH HALTER MARINE SERVICES INC.
OF NEW ORLEANS FOR DELIVERY OF 5 BOATS AT TOTAL PRICE
OF US\$2,156,422, INCLUDING TWO-YEAR SUPPLY OF SPARE PARTS.
GOG DESIRES FMSCR OF US\$2.5 MILLION TO COVER HALTER
CONTRACT PLUS COST OF WEAPONS SYSTEMS (SEE REFTTEL B).
WE ARE TOLD THAT GUATEMALAN EMBASSY IN WQSHINGTON HAS
INITIATED ACTION TO SECURE FMSCR CASE.

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3. PROBLEM IS THAT HALTER CONTRACT REQUIRES FIRST PAYMENT OF US\$600,000 AS SOON AS GOG HAS OBTAINED NECESSARY CREDIT FINANCING, BUT IN ANY EVENT NOT 60 DAYS FROM SIGNATURE OF CONTRACT, I.E. APRIL 5. CONTRACT (WHICH WAS SHOWN ON FEBRUARY 21 TO USMILGP) APPARENTLY HAS NO PENALTY CLAUSE, BUT PRESUMABLY COULD BE CANCELLED BY HALTER IF FIRST PAYMENT NOT FORTHCOMING. MINISTRY HAS NO REPORT NO FUNDS AVAILABLE. SECOND PAYMENT OF US\$300,000 DUE ON SUBSTANTIAL COMPLETION OF HULL OF 105-FOOT BOAT, WHICH WE ESTIMATE COULD BE MID-AUGUST 75. THIRD PAYMENT OF \$300,000 DUE ON SUBSTANTIAL COMPLETION OF OTHER FOUR HULLS, WHICH COULD BE BY EARLY SEPTEMBER 75. FOURTH PAYMENT OF \$600,000 DUE ON COMPLETION OF 105-FOOT BOAT, PROBABLY IN MID-DECEMBER 75, AND FIFTH AND FINAL PAYMENT COULD BE CALLED FOR BY EARLY JANUARY 76.

4. WE BELIEVE PRECIPITATE GOG ACTION IN SIGNING CONTRACT DUE TO THEIR ERRONEOUS BELIEF THAT FY75 FMSCR FOR GUATEMALA READILY AVAILABLE. WE HAVE DISABUSED THEM OF THAT BELIEF.

5. ACTION REQUESTED: ANY INFORMATION AVAILABLE ON STATUS OF FMSCR CASE SUPPOSEDLY INITIATED BY GUATEMALAN EMBASSY AND ON PROBABLE TIME SCHEDULE FOR FY 75 FMSCR APPROVAL. PLEASE ADVISE FEASIBILITY FINANCING ENTIRE US\$2.5 MILLION FROM FY75 FUNDS, ASSUMING GOG CAN DELAY IMPLEMENTATION HALTER CONTRACT UNTIL 75 FUNDS AVAILABLE. (NOTE THAT IF THIS FEASIBLE FMSCR FUNDS REQUESTED IN POM AND REFTEL A FOR FY76 AND 77 WOULD BE REDUCED ACCORDINGLY.)
MELOY

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Message Attributes

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Disposition Authority: GolinoFR
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Margaret P. Grafeld
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